

## Message Text

UNCLASSIFIED

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ACTION ARA-14

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15  
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 PA-02  
PRS-01 /122 W

-----102092 280659Z /10

R 271959Z JUL 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 2994

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 6256

E.O. 11652: N/A

TAGS: EFIN, BR

SUBJECT: MINISTER OF FINANCE ON EXPORTS POLICY

1. ON JULY 21, MINISTER OF FINANCE SIMONSEN SPOKE TO A  
TRAINING CLASS OF BRAZILIAN DIPLOMATS INVOLVED IN  
EXPORT PROMOTION.

HE DEFENDED THE BRAZILIAN EXPORT GROWTH MODEL AS THE ONLY  
REASONABLE PATH TO THE TWIN OBJECTIVES OF INTERNAL ECONOMIC  
GROWTH AND A VIABLE BALANCE OF PAYMENTS. NOTING THE UN-  
PRECEDENTED OPEC SURPLUSES IN RECENT YEARS, HE SAID THAT  
THE FORMER ROLE OF INDUSTRIALIZED COUNTRIES AS EXPORTERS  
OF CAPITAL WHO NEEDED OFFSETTING TRADE SURPLUSES WAS NO  
LONGER ADEQUATE OR APPROPRIATE. HE IDENTIFIED HIMSELF  
EXPLICITLY WITH TREASURY SECRETARY BLUMENTHAL'S COMMENTS  
ON THE DESIRABILITY OF TRADE DEFICITS AMONG THE STRONGER  
INDUSTRIALIZED NATIONS AS A MEANS OF SHARING THE NEARLY  
STRUCTURAL NON-OPEC DEFICITS. HE COMMENTED THAT  
VENEZUELA AND ALGERIA HAVE MANAGED TO EXPAND THEIR  
IMPORTS SUBSTANTIALLY, BUT THAT THE OTHER MAJOR OIL  
EXPORTERS FACE SERIOUS CONSTRAINTS ON THEIR CAPACITY  
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TO IMPORT BECAUSE OF EXTREMELY LIMITED INTERNAL  
MARKETS. SIMONSEN COMMENTED THAT COMMERCIAL WARS  
AND RECESSIONS COULD RESULT IF WAYS ARE NOT FOUND TO  
DEAL WITH THE OPEC SURPLUSES. HE CONCLUDED THAT  
"COUNTRIES LIKE JAPAN, GERMANY, SWITZERLAND OR  
HOLLAND SHOULD FOLLOW THE EXAMPLE OF THE UNITED  
STATES AND ACCEPT TRADE DEFICITS IN ORDER TO SOFTEN

THE EFFECTS OF THE OIL CRISIS ON DEVELOPING COUNTRIES."

2. IN A SPEECH TO THE NATIONAL COFEDERATION OF  
COMMERCE ON JULY 22, THE FINANCE MINISTER REITERATED  
THE IMPORTANCE OF INCREASING BRAZIL'S EXPORTS. ON  
THIS OCCASION, HE INVOKED "REASONS OF NATIONAL  
SECURITY" FOR STRENGTHENING THE BALANCE OF PAYMENTS.  
HE COMMENTED THAT IT IS NORMAL FOR A COUNTRY IN  
BRAZIL'S CURRENT STAGE OF DEVELOPMENT TO OFFSET ITS  
CURRENT ACCOUNT DEFICIT WITH EXTERNAL BORROWING.  
HOWEVER, HE SAID THAT BRAZIL IS APPROACHING THE  
POINT WHERE EXPORTS SHOULD INCREASE FASTER THAN  
BORROWING SO THAT "THE EXTERNAL DEBT CAN STABILIZE  
AND BEGIN TO DECLINE." HE ALSO FORESAW THE  
POSSIBILITY IN THE "NEXT 15 YEARS" OF BRAZIL BEING  
ABLE TO IMPORT "SUPERFLUOUS" (I.E. CONSUMER)  
PRODUCTS.  
RUSER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCE, EXPORTS, POLICIES  
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**Disposition Approved on Date:**  
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**Enclosure:** n/a  
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**Errors:** N/A  
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**TAGS:** EFIN, BR  
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**Review Markings:**  
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